

Consolidated financial statements of

**Superior-Greenstone  
District School Board**

August 31, 2010

# Superior-Greenstone District School Board

August 31, 2010

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## SUPERIOR-GREENSTONE DISTRICT SCHOOL BOARD

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### MANAGEMENT REPORT

#### Management's Responsibility for the Financial Statements

The accompanying financial statements of the Superior-Greenstone District School Board are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Deloitte & Touche LLP, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

Terry Ellwood  
Acting Director of Education

Cathy Tsubouchi  
Superintendent of Business

March 23, 2011

## Auditors' Report

To the Board of Trustees of the  
Superior-Greenstone District School Board

We have audited the consolidated statement of financial position of the Superior-Greenstone District School Board as at August 31, 2010 and the consolidated statements of operations, change in net debt and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, annual surplus, financial assets and net debt.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Superior-Greenstone District School Board as at August 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Licensed Public Accountants  
March 18, 2011

# Superior-Greenstone District School Board

## Consolidated statement of financial position as at August 31, 2010

	2010	2009 (Restated - Notes 2 and 3)
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	3,263,375	4,215,051
Accounts receivable (Note 4)	4,285,304	3,814,339
Accounts receivable - Province of Ontario (Note 5)	8,856,416	-
Investments (Note 6)	131,385	278,057
<b>Total financial assets</b>	<b>16,536,480</b>	<b>8,307,447</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,465,544	4,317,558
Deferred revenue (Note 7)	2,577,024	1,648,543
Obligation under capital leases (Note 8)	213,996	-
Net long-term debt (Note 9)	5,719,841	3,512,334
Retirement and other employee future benefits payable (Note 10)	11,825,970	11,787,241
<b>Total liabilities</b>	<b>23,802,375</b>	<b>21,265,676</b>
<b>Net debt</b>	<b>(7,265,895)</b>	<b>(12,958,229)</b>
Commitments and contingent liabilities (Note 14)		
<b>Non-financial assets</b>		
Tangible capital assets (Note 17)	49,121,851	47,228,998
Prepaid expenses and supplies	49,099	106,090
<b>Total non-financial assets</b>	<b>49,170,950</b>	<b>47,335,088</b>
<b>Accumulated surplus (Note 18)</b>	<b>41,905,055</b>	<b>34,376,859</b>

Approved by the Board

\_\_\_\_\_  
Director of Education:

\_\_\_\_\_  
Chair of the Board:

# Superior-Greenstone District School Board

## Consolidated statement of operations year ended August 31, 2010

	Budget (Unaudited) (Note 19)	2010 Actual	2009 Actual (Restated - Notes 2 and 3)
	\$	\$	\$
<b>Revenues</b>			
Provincial grants			
Student focused funding	25,381,930	27,511,802	27,309,793
Capital wrap up grant (Note 5)	-	8,856,416	-
Other	571,043	1,400,812	1,830,758
Local taxation	4,186,760	3,194,091	3,832,409
School fundraising	460,000	436,583	518,300
Federal grants and fees	2,745,880	3,459,180	2,839,190
Investment income	79,400	20,707	33,489
Other revenues - School Boards	756,000	933,811	925,587
Other fees and revenues	425,000	753,775	789,425
<b>Total revenues</b>	<b>34,606,013</b>	<b>46,567,177</b>	<b>38,078,951</b>
<b>Expenses (Note 12)</b>			
Instruction	24,489,804	27,475,165	26,820,602
Administration	2,113,449	2,077,936	3,022,273
Transportation	2,347,727	2,249,860	2,355,388
School operations/pupil accommodation	7,251,900	6,706,931	7,301,403
School funded activities	605,000	440,061	513,740
Other	116,453	89,028	-
<b>Total expenses</b>	<b>36,924,333</b>	<b>39,038,981</b>	<b>40,013,406</b>
Annual surplus (deficit)	(2,318,320)	7,528,196	(1,934,455)
Accumulated surplus, beginning of year	34,381,569	34,376,859	36,311,314
<b>Accumulated surplus, end of year</b>	<b>32,063,249</b>	<b>41,905,055</b>	<b>34,376,859</b>

# Superior-Greenstone District School Board

## Consolidated statement of change in net debt year ended August 31, 2010

	2010	2009
		(Notes 2 and 3)
	\$	\$
<b>Annual surplus (deficit)</b>	<b>7,528,196</b>	(1,934,455)
Acquisition of tangible capital assets	<b>(4,310,563)</b>	(3,770,246)
Amortization of tangible capital assets	<b>2,417,710</b>	2,325,851
	<b>5,635,343</b>	(3,378,850)
Acquisition of prepaid expenses and supplies	<b>(49,099)</b>	(106,090)
Use of prepaid expenses and supplies	<b>106,090</b>	101,886
	<b>5,692,334</b>	(3,383,054)
Decrease (increase) in net debt	<b>5,692,334</b>	(3,383,054)
Net debt, beginning of year	<b>(12,958,229)</b>	(9,575,175)
<b>Net debt, end of year</b>	<b>(7,265,895)</b>	(12,958,229)

# Superior-Greenstone District School Board

## Consolidated statement of cash flows year ended August 31, 2010

	2010	2009 (Restated - Notes 2 and 3)
	\$	\$
<b>Operating activities</b>		
Annual surplus (deficit)	7,528,196	(1,934,455)
Items not involving cash		
Amortization	2,417,710	2,325,851
Change in non-cash assets and liabilities		
(Increase) decrease in accounts receivable	(470,965)	202,335
Increase in accounts receivable - Province of Ontario	(8,856,416)	-
(Decrease) increase in accounts payable and accrued liabilities	(852,014)	2,375,708
Increase in deferred revenue	928,481	156,682
Increase in retirement and other employee future benefits payable	38,729	227,568
Decrease (increase) in prepaid expenses and supplies	56,991	(4,204)
Cash provided by operating activities	790,712	3,349,485
<b>Capital activity</b>		
Acquisition of tangible capital assets	(4,078,196)	(3,770,246)
Cash applied to capital activities	(4,078,196)	(3,770,246)
<b>Investing activity</b>		
Decrease (increase) in investments	146,672	(61,264)
Cash provided by (applied to) investing activities	146,672	(61,264)
<b>Financing activities</b>		
Long-term debt issued	2,290,309	1,150,000
Decrease in temporary borrowing	-	(1,451,882)
Debt principal repaid (Note 9)	(82,802)	(56,164)
Repayment of obligations under capital lease	(18,371)	-
Cash provided by (applied to) financing activities	2,189,136	(358,046)
Decrease in cash and cash equivalents	(951,676)	(840,071)
Cash and cash equivalents, beginning of year	4,215,051	5,055,122
<b>Cash and cash equivalents, end of year</b>	<b>3,263,375</b>	<b>4,215,051</b>
<b>Supplementary information</b>		
Acquisition of tangible capital assets financed through capital lease	232,367	-



# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

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### 1. Significant accounting policies

The consolidated financial statements of the Superior-Greenstone District School Board (the "Board") are the representations of management prepared in accordance with generally accepted accounting standards recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

Significant accounting policies adopted are as follows:

#### a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, accumulated surplus, revenues, expenses and annual surplus of the reporting entity. The reporting entity is comprised of all organizations which are controlled by the Board.

School generated funds, which include the assets, liabilities, accumulated surplus, revenues, expenses and annual surplus of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

All material interdepartmental and inter-entity transactions and balances between these organizations are eliminated on consolidation.

#### b) Trust funds

Trust funds and their related operations administered by the Board amounting to \$243,789 (2009 restated (Note 3) - \$328,631) are not included in the consolidated financial statements.

#### c) Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are the cost of goods and services acquired in the period, whether or not payment has been made or invoices received.

#### d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and investments which are highly liquid, subject to insignificant risk of changes in value and have an initial term to maturity of less than 90 days.

#### e) Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts will be recognized as revenue in the fiscal year the related qualifying expenditures are incurred or services are performed.

#### f) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include health and dental, retirement gratuity, non-vesting accumulating sick leave, and early retirement incentive plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

For self insured retirement and other employee future benefits that vest and accumulate over the periods of service provided by employees, such as retirement gratuities, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

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### 1. Significant accounting policies (continued)

#### f) Retirement and other employee future benefits (continued)

##### i) (continued)

For non-vesting accumulating sick days, the accrued benefit obligation is the actuarial present value of the future expected cash flows with respect to the existing sick leave bank balances determined as at the valuation date. These cash flows will reflect expected salary increases and survivorship at each future date.

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for life insurance, dental and health care benefits for certain employees on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

Actuarial gains and losses related to obligations for long-term disability are amortized over the expected average service life of the employee group.

##### ii) The Board's contributions to multi-employer defined benefits pension plans, such as the Ontario Municipal Employees Retirement System pensions, are recorded in the period in which they become payable.

##### iii) The costs of insured benefits for active employees reflected in these consolidated financial statements are the Board's portion of insurance premiums owed for coverage of employees during the period.

#### g) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly attributable to acquisition, design, construction, development or betterment of the asset, as well as interest related to financing during construction.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Tangible capital assets, except land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset class	Estimated useful life in years
Land improvements	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Leased equipment	Over lease term
Computer hardware	5
Computer software	5
Vehicles	5-15

Assets under construction are not amortized until the asset is available for productive use. One-half of the annual amortization is charged in the year of acquisition and the year of disposal.

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

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### 1. Significant accounting policies (continued)

#### g) *Tangible capital assets (continued)*

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and the carrying value is written down to its residual value.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

#### h) *Government transfers*

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, all eligibility criteria have been met and reasonable estimates of the amount can be made.

#### i) *Investment income*

Investment income earned is reported as revenue in the period earned. Investment income earned on externally restricted funds such as pupil accommodation and special education, forms part of the respective deferred revenue balances.

#### j) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Estimates are reviewed periodically by management, and, as adjustments become necessary they are reported in the period in which they become known. Accounts subject to estimates include allowance for doubtful accounts receivable, retirement and other employee future benefits payable and tangible capital assets.

### 2. Change in accounting policies

The Board has implemented sections 1200 "Financial Statement Presentation" and "3150 Tangible Capital Assets" of the Public Sector Accounting Handbook. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements.

Section 3150 requires the Board to record and amortize its tangible capital assets in the financial statements. In prior years, tangible capital asset additions were recorded as an expenditure in the year of acquisition or construction.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The estimates for land and buildings as well as the estimated remaining service life for buildings and land improvements were initially determined by the Ministry of Education using an estimation methodology called the Book Value Calculator, using historical information provided by the Board. Other asset classes are recorded at historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

### 2. Change in accounting policies (continued)

The following methods were used to establish opening balances for the asset classes noted below:

Asset class	Pre-1965	1965 to March 2005
Land	Benchmark estimate	Appraiser estimate
Build	At nominal value	Appraiser estimate
Equipment 15 years	N/A	Deflated replacement cost by CPI

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

	\$
Accumulated surplus at August 31, 2009:	
Operating fund balance	-
Capital fund balance	(2,406,944)
Reserve fund balance	3,455,146
School generated fund	287,849
Amounts to be recovered	(14,549,566)
Accumulated deficit, as previously reported	(13,213,515)
Change due to amalgamation (Note 3)	361,376
Accumulated deficit, restated for amalgamation	(12,852,139)
Net book value of tangible capital assets recorded	47,228,998
Accumulated surplus, as restated	34,376,859
Annual surplus for the year ended August 31, 2009:	
Net expenditure, as previously reported	(3,399,750)
Change due to amalgamation	16,696
Annual deficit, as restated for amalgamation	(3,383,054)
Plus: Capital expenditure capitalized, previously expensed	3,770,246
Less: Amortization expense not previously recorded	(2,325,851)
Plus: Change in non-financial assets, previously reported as expense	4,204
Annual deficit, as restated	(1,934,455)

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

### 3. Amalgamation

As a result of Ontario Regulation 486/01 and amendment 212/09 made under the Education Act, the boundaries of Superior-Greenstone District School Board were amended and Caramat District School Area Board and Nakina District School Area Board were amalgamated into the Board effective September 1, 2009.

As a result of the amalgamation, certain opening balances were increased as follows:

	Balance at August 31, 2009 as previously stated	Change due to Amalgamation	Balance at August 31, 2009 restated
	\$	\$	\$
Cash and cash equivalents	3,528,091	686,960	4,215,051
Accounts receivable	3,422,041	392,298	3,814,339
Investments	182,364	95,693	278,057
Accounts payable and accrued liabilities	3,931,152	386,406	4,317,558
Deferred revenue	1,392,012	256,531	1,648,543
Net long-term debt	3,512,334	-	3,512,334
Retirement and other employee future benefits payable	11,610,908	176,333	11,787,241
Prepaid expenses and supplies	100,395	5,695	106,090
Accumulated surplus at beginning of year	(13,213,515)	361,376	(12,852,139)

Trust funds of \$3,010 were also added to the board's trust funds as a result of the amalgamation.

### 4. Accounts receivable

Accounts receivable includes tuition fees receivable (payable) from the First Nations as follows:

	Balance at August 31, 2009 (Restated - Note 3)	Invoices	Payments	Balance at August 31, 2010
	\$	\$	\$	\$
Aroland First Nation	959,480	623,270	(692,050)	<b>890,700</b>
Biinjitwaabek First Nation	42,727	386,982	(268,697)	<b>161,012</b>
Ginoogaming First Nation	(288)	17,392	(6,405)	<b>10,699</b>
Lac La Croix	533	-	-	<b>533</b>
Marten Falls First Nation	(235)	17,392	(16,697)	<b>460</b>
Pays Plat First Nation	(1,449)	80,527	(25,398)	<b>53,680</b>
Pic Moberg First Nation	101,115	252,623	(313,113)	<b>40,625</b>
Pic River First Nation	(114,739)	439,159	(466,749)	<b>(142,329)</b>
Red Rock First Nation	238,055	980,671	(918,105)	<b>300,621</b>
White Sands First Nation	(486)	486	-	-
	<b>1,224,713</b>	<b>2,798,502</b>	<b>(2,707,214)</b>	<b>1,316,001</b>

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

### 5. Accounts receivable - Province of Ontario

The Province of Ontario has replaced variable capital funding with a one-time debt support grant. The Board will receive a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments.

### 6. Investments

Investments are comprised as follows:

	2010		2009	
	Cost	Market value	Cost	Market value
			(Restated - Note 3)	(Restated - Note 3)
	\$	\$	\$	\$
Guaranteed investment certificates	131,185	131,185	192,364	192,364
Credit Union shares	200	200	-	-
NSRA Investments	-	-	85,693	85,429
	<b>131,385</b>	<b>131,385</b>	<b>278,057</b>	<b>277,793</b>

### 7. Deferred revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31 is comprised of:

	Balance at August 31, 2009	Increase	Revenue recognized	Balance at August 31, 2010
	(Restated - Note 3)			
	\$	\$	\$	\$
Pupil accommodation	514,226	1,011,492	672,652	853,066
Proceeds of disposition	674,499	4,543	-	679,042
Special education	92,045	2,406,560	2,498,605	-
Other	367,773	1,944,847	1,267,704	1,044,916
<b>Total deferred revenue</b>	<b>1,648,543</b>			<b>2,577,024</b>

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

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### 8. Obligations under capital leases

The Board has obligations under various capital leases with expiries ranging from 2014 to 2015 and interest rates ranging from 1.39% to 2.76%. Principal and interest payments relating to capital lease obligations of \$213,996 (2009 - \$Nil) outstanding as at August 31 are due as follows:

	Principal payment	Interest	Total
	\$	\$	\$
2010/2011	49,305	3,680	52,985
2011/2012	50,281	2,704	52,985
2012/2013	51,278	1,706	52,984
2013/2014	50,432	686	51,118
2014/2015	12,700	45	12,745
	<b>213,996</b>	<b>8,821</b>	<b>158,954</b>

### 9. Net long-term debt

a) Long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2010	2009
	\$	\$
4.56% Ontario Financing Authority, GPL 1	<b>1,375,967</b>	1,413,040
4.85% Ontario Financing Authority, GPL 2	<b>927,540</b>	949,294
5.01% Ontario Financing Authority, GPL 3	<b>1,126,025</b>	1,150,000
5.23% Ontario Financing Authority, GPL 4	<b>2,290,309</b>	-
	<b>5,719,841</b>	<b>3,512,334</b>

On November 15, 2006, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$1,498,725 of the GPL Phase 1 outstanding at that time. The loan is repayable by semi-annual installments of principal and interest of \$50,544 based on a 25 year amortization schedule and bears interest of 4.56%. The annual principal and interest costs will be funded by the Ministry.

On March 3, 2008, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$970,022 of the GPL Phase 2 outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$34,004 based on a 25 year amortization schedule and bears interest of 4.85%. The annual principal, interest and administration costs will be funded by the Ministry.

On March 13, 2009, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$1,150,000 of the GPL Phase 3 outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$40,944 based on a 25 year amortization schedule and bears interest of 5.01%. The annual principal, interest and administration costs will be funded by the Ministry.

On April 14, 2010, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$2,290,309 of the GPL Phase 3 and 4 outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$82,784 based on a 25 year amortization schedule and bears interest of 5.23%. The annual principal, interest and administration costs will be funded by the Ministry.

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

### 9. Net long-term debt (continued)

- b) Principal payments relating to the net long-term debt of \$5,719,841 outstanding as at August 31, 2010 are due as follows:

	Principal	Interest	Total
	\$	\$	\$
2010/11	133,155	283,395	416,550
2011/12	139,825	276,728	416,553
2012/13	146,830	269,721	416,551
2013/14	154,185	262,383	416,568
2014/15	161,912	254,639	416,551
Thereafter	4,983,934	2,731,444	7,715,378
	<b>5,719,841</b>	<b>4,078,310</b>	<b>9,798,151</b>

### 10. Retirement and other employee future benefits

#### *Retirement and other employee future benefit liabilities*

	2010			2009
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
	\$	\$	\$	(Restated - Note 3) \$
Accrued employee future benefit obligation	3,551,749	7,532,721	11,084,470	10,765,706
Unamortized actuarial gains (losses)	927,689	(186,189)	741,500	1,021,535
Accrued employee future benefit liability, end of year	<b>4,479,438</b>	<b>7,346,532</b>	<b>11,825,970</b>	11,787,241

Actual benefit payments made during the year totaled \$1,096,217 (2009 - \$937,569).

#### *Retirement and other employee future benefit expenses*

	2010			2009
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
	\$	\$	\$	(Restated - Note 3) \$
Current year benefit cost	205,120	489,847	694,967	875,745
Interest on accrued benefit obligation	169,583	354,278	523,861	476,251
Amortization of actuarial gains	(95,014)	11,132	(83,882)	(136,994)
Gain on plan termination	-	-	-	(4,976)
Employee future benefits expenses	<b>279,689</b>	<b>855,257</b>	<b>1,134,946</b>	1,210,026



# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

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### 10. Retirement and other employee future benefits (continued)

#### *Retirement and other employee future benefit liabilities (continued)*

The following items are included in the accrued employee future benefit liability:

i) Retirement gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

ii) Retirement life insurance and health care benefits

Employees are able to continue coverage for life insurance, dental and health care benefits after retirement until the members reach 65 years of age; however, the retirees pay a premium associated with this coverage.

iii) Sick leave accumulations

The Board provides compensated absences from sick leave accumulations through an unfunded defined benefit plan.

#### *Other employee future benefits*

##### Long-term disability life insurance and health care benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave for a period of two years after the date of disability. The insurance carrier waives the life insurance premiums for employees on long-term disability, however, the Board is responsible for the payment of the costs of insurance, dental and health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

The accrued benefit obligations for employee future benefit plans as at August 31, 2010 are based on a full actuarial valuation that was completed as of August 31, 2009. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

Wage and salary escalation	3%
Medical cost increases	9% grading down to 4.5% in 2030 and thereafter
Discount rate on accrued benefit obligations	4.75%
Dental cost increases	6% grading down to 4.5% in 2014 and thereafter

The Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totaled \$1,240,360 at August 31, 2010 (2009 - \$1,316,088).

Above amounts exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, as described below.

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

### 10. Retirement and other employee future benefits (continued)

#### *Retirement benefits*

#### i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements.

#### ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board's contributions equal the employee contributions to the Plan. During the year ended August 31, 2010, the Board contributed \$442,067 (2009 - \$406,334) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's financial statements.

### 11. Areas of jurisdiction without municipal organization

The Board performs the duties of levying taxes, conducting elections of members, and certain other duties in a territory without municipal organization. Certain costs are recoverable through a levy on all rateable property in the area and other costs (approved) are recoverable through an offset to the local taxation revenue.

### 12. Expenses by object

The following is a summary of the expenditures reported on the Consolidated Statement of Financial Operations by object:

	Budget	2010 Actual	2009 Actual
	(Unaudited)		(Restated - Notes 2 and 3)
	\$	\$	\$
Salary and wages	22,541,435	24,453,578	24,577,514
Employee benefits	3,735,087	4,556,310	4,490,449
Staff development	475,509	444,072	523,394
Supplies and services	3,789,396	3,618,605	4,162,383
Interest charges on long-term debt	168,182	212,995	147,230
Rental	54,954	110,418	148,651
Fees and contract services	3,102,438	2,813,384	3,333,557
Other	589,632	305,119	304,377
Transfers to other boards	60,100	106,790	-
Amortization of tangible capital assets	2,407,600	2,417,710	2,325,851
	<b>36,924,333</b>	<b>39,038,981</b>	<b>40,013,406</b>

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

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### 13. Ontario School Board Insurance Exchange (OSBIE)

The Board participates for its liability, property and automobile insurance in the Ontario School Boards' Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act that is funded by the member boards across Ontario. Liability insurance is available to a maximum of \$20 million per occurrence.

The ultimate premiums over a five year period are based on both the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires in January 2012.

### 14. Commitments and contingent liabilities

- a) The Board enters into contracts for the capital construction and renovation of various new and existing schools. The following summarizes the Board's commitment under these contracts as at August 31, 2010:

	Contract value	Incurred to date	Amount remaining
	\$	\$	\$
Construction of school	4,645,000	870,891	3,774,109

- b) The Board is committed to various operating leases for premises and equipment expiring in fiscal 2012/2013. The aggregate minimum lease payments are as follows:

	Minimum lease payments
	\$
2010/2011	39,911
2011/2012	28,090
2012/2013	4,579
Total	72,580

- c) The Board has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at August 31, 2010, therefore, no provision has been made for these claims in the financial statements. Any losses arising from these actions will be recorded in the year that the related litigation is settled or it is determined that the claim is likely and a reasonable estimate can be made.

### 15. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$1,718,287 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the board's debt in consideration for the assignment by the board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

The flow-through of \$128,014 in respect of the above agreement for the year ended August 31, 2010 (2009 - \$128,014) is not recorded in these consolidated financial statements.

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

### 16. Service Contract/CFSA Approval with the Ministry of Community and Social Services

The Board has a Service Contract/CFSA Approval with the Ministry of Community and Social Services. One requirement of the Service Contract/CFSA Approval is the production by Management of a report, TPAR, which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the Service Contract/CFSA Approval.

A review of this report shows the Teacher Diagnostician services to be in a break-even position as at August 31, 2010 and therefore no amounts are repayable to the Ministry of Community and Social Services.

### 17. Tangible capital assets

	Cost			Cost
	Balance at August 31, 2009	Additions and (transfers)	Disposals	Balance at August 31, 2010
	\$	\$	\$	\$
Land	1,242,416	-	-	1,242,416
Land improvements	1,147,925	152,423	-	1,300,348
Buildings	57,984,464	2,147,972	-	60,132,436
Equipment (5 years)	35,043	-	-	35,043
Equipment (10 years)	243,476	130,191	-	373,667
Equipment (15 years)	48,038	-	-	48,038
First time equipping	258,572	-	-	258,572
Furniture	22,251	-	-	22,251
Computer hardware	1,079,659	103,662	(201,180)	982,141
Computer software	214,474	-	-	214,474
Assets permanently removed from service	1,454,800	-	-	1,454,800
Construction in progress	-	1,608,789	-	1,608,789
Pre acquisition and construction cost	64,841	(64,841)	-	-
Capital leases				
Other	-	232,367	-	232,367
	63,795,959	4,310,563	(201,180)	67,905,342

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

### 17. Tangible capital assets (continued)

	Accumulated amortization			August 31,	August 31,
	Balance at August 31, 2009	Amortization	Disposals, write offs	2010	2009
	\$	\$	\$	Net book value	Net book value
	\$	\$	\$	\$	\$
Land	-	-	-	1,242,416	1,242,416
Land improvements	233,210	86,446	-	980,692	914,715
Buildings	13,903,440	1,987,683	-	44,241,313	44,081,024
Equipment (5 years)	19,751	7,009	-	8,281	15,292
Equipment (10 years)	50,218	30,857	-	292,592	193,258
Equipment (15 years)	11,209	3,203	-	33,626	36,829
First time equipping	125,156	25,857	-	107,559	133,416
Furniture	12,557	2,226	-	7,468	9,694
Computer hardware	624,478	206,180	(201,180)	352,663	455,181
Computer software	132,141	42,894	-	39,439	82,333
Assets permanently removed from service	1,454,800	-	-	-	-
Construction in progress	-	-	-	1,608,789	-
Pre-acquisition and construction cost	-	-	-	-	64,841
Capital leases Other	-	25,355	-	207,011	-
	16,566,960	2,417,710	(201,180)	49,121,851	47,228,999

### 18. Accumulated surplus

Accumulated surplus consists of the following:

	2010	2009
	\$	(Restated) \$
Accumulated surplus		
Invested in tangible capital assets	49,121,851	47,228,998
Capital funds	(213,995)	(5,919,278)
School generated funds	309,402	312,880
Employee future benefits	(10,851,662)	(11,061,773)
Vacation accrual	(116,867)	(102,720)
Interest accrual	(82,368)	(49,070)
Working funds	2,220,875	2,110,040
Reserves and reserve funds	1,517,819	1,857,782
Total accumulated surplus	41,905,055	34,376,859

# Superior-Greenstone District School Board

## Notes to the consolidated financial statements

August 31, 2010

### 18. Accumulated surplus (continued)

Reserves and reserve funds set aside for specific purposes by the Board of Trustees consist of the following:

	2010	2009
	\$	(Restated) \$
Reserve and reserve funds		
Retirement gratuities	1,240,360	1,316,088
Pupil accommodation - school renewal	159,490	159,474
Capital - equipment	45,035	44,815
Insurance	22,934	22,822
Joint venture - NSRA	-	199,861
Pay equity	-	64,722
Winning Teams	50,000	50,000
<b>Total reserve and reserve funds</b>	<b>1,517,819</b>	<b>1,857,782</b>

### 19. Budget data

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 budgets approved by the Board on June 21, 2010. Capitalization of assets, amortization, and gains and losses on disposal were not contemplated on development of the budget and, as such, have not been included. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2010 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As the Consolidated statement of change in net debt is a new statement in 2009-10 financial statements, the budget figures in that statement have not been provided.

	2009-10 Budget	Change	Restated 2009-10 Budget
	\$	\$	\$
Total revenue	34,606,013	-	34,606,013
Expenses			
Total expenditures as in the 2009-10 budget	37,202,873	-	37,202,873
Less: capital asset expenditure	-	(2,686,140)	(2,686,140)
Plus: amortization	-	2,407,600	2,407,600
<b>Total expenses</b>	<b>37,202,873</b>	<b>(278,540)</b>	<b>36,924,333</b>
Annual deficit	(2,596,860)	278,540	(2,318,320)
Accumulated surplus/deficit	-	-	34,381,569
<b>Accumulated surplus/deficit at end of year</b>	<b>(2,596,860)</b>	<b>278,540</b>	<b>32,063,249</b>

### 20. Comparative figures

Certain of prior year's figures have been reclassified to conform to the current year's presentation.

# Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2010

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## 21. Future accounting for contributions used for capital

In the Ministry of Finance Addendum to the 2010 Ontario Budget: Ontario's Plan to Enhance Accountability, Transparency and Financial Management, the government provided direction to school boards on the accounting treatment of capital contributions. This addendum proposes that, effective the fiscal year beginning on September 1, 2010, school boards in Ontario will adopt accounting policies consistent with the Province of Ontario, which include a policy to recognize government transfers and external contributions used in the acquisition of tangible capital assets over the period that the asset is expected to provide service. This policy is to ensure consistency with the current practice of senior governments in Canada and other major broader public-sector organizations (hospitals, colleges and universities), and to ensure that school board operating surpluses or deficits are not distorted by capital grant revenues.

This accounting treatment is not currently a recognized option by the Public Sector Accounting Standards Board (PSAB) and could not be implemented within these financial statements.